

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:2902
ANSWERED ON:22.12.2003
REVIVAL OF MECON LIMITED
LAXMAN GILUWA;RAM TAHAL CHOUDHARY

Will the Minister of STEEL be pleased to state:

- (a) whether the Government has fully examined the potentials and means of revival of MECON Limited;
- (b) if so, the details thereof;
- (c) the number of employees of MECON who availed VRS during the last three years, category-wise;
- (d) whether major problems in viability of MECON is due to accumulation of huge un-recovered outstanding payments from its clients over the past years;
- (e) if so, the details thereof and the total dues as on November 30, 2003; and
- (f) the steps being taken to remedy the situation?

Answer

MINISTER OF STATE IN THE MINISTRY OF STEEL (SHRI BRAJA KISHORE TRIPATHY)

(a) & (b): During the last few years the financial condition of MECON Ltd. has deteriorated due to various reasons such as excess manpower, slow down and sluggish new investments in the steel sector etc. The Government has been regularly reviewing and monitoring the physical and financial performance of the company and has initiated and supported several measures for the improvement of the company's financial condition. These are :-

- Roll back of retirement age of employees of MECON Ltd. from 60 years to 58 years,
- In 2001-02, the Government provided guarantee in favour of the company enabling it to raise Rs. 50 crores (with a provision of 50% interest subsidy) for implementation of Voluntary Retirement Scheme for reducing manpower. During the current year, further guarantees were given to the company for raising another Rs.125 crores for achieving further reduction in manpower through VRS.
- Several austerity measures have been implemented for reducing management expenses and overheads.
- The company has re-focussed its attention on the consultancy and services segment of business. In addition, it has substantially diversified its operations into non-steel sector.
- The Government has approved a proposal for disinvestment of 51% shares of the company in favour of a strategic buyer. To facilitate this process the company has been advised to prepare a restructuring plan.

(c) The number of employees of MECON Ltd. who availed VRS during the last three years, category-wise is as follows:

Category	2001#	2002#	2003# (as on date)
A. Executives	1	323	412
B. Supervisors/Section Officers	0	10	20
C. Clerical staff/skilled employees	0	11	16
D. Group IV & un-skilled employees	0	56	52
TOTAL	1	400	500

on calendar year basis.

(d) One of the main problems facing MECON Ltd. is the existence of substantial unrealised dues from its clients. This has adversely affected resource availability in the company.

(e) The total outstanding dues owed to MECON Ltd. by its clients as on 30.11.2003 stood at Rs.100.26 crores. The details of major outstanding dues are as follows:

A. Consultancy	Neelachal Ispat Nigam Ltd.	Rs.7.56 crores
	Konark MetCoke Ltd.	Rs.4.21 crores
	Indian Oil Corporation Ltd.	Rs.2.62 crores
	Sri Vishnupriya Project Ltd.	Rs.1.20 crores
	SJK Steel Corporation	Rs.0.57 crores
	Mid East Integrated Steel	Rs.1.55 crores
B. Supply	SAIL/Rourkela Steel Plant	Rs.32.2 crores
	Oil & Natural Gas Co.	Rs. 3.66 crores
	Tamil Nadu Electricity Board	Rs. 2.41 crores
	Southern Iron & Steel Co. Ltd.	Rs. 1.89 crores
	Govt. of Karnataka (Kidwai/ Res. Schools)	Rs. 3.00 crores
	NISCO (Govt. of West Bengal)	Rs. 0.73 crores

(f) The Government has advised the company to take concerted action, with the Ministry's assistance, wherever required, for realisation of these dues. A large part of the dues are on account of claims which are under dispute. Several of these disputed claims pertain to contracts with SAIL. To resolve these matters the Ministry of Steel has formed a Dispute Redressal Committee.